

CONRAIL



RECORDATION NO. 8804 B Filed & Recorded

122A052 1977-10 40 AM

Date MAY 8 1977 INTERSTATE COMMERCE COMMISSION

FEE OF \$1.00

May 2, 1977

Fee \$ 1.50 ICS Washington, D. C.

RECORDATION NO. 8804 A Filed & Recorded

MAY 2 1977-10 40 AM

Robert L. Oswald, Secretary
Interstate Commerce Commission
Washington, D. C. 20423

MAY 2 1977-10 40 AM

Dear Mr. Oswald:

INTERSTATE COMMERCE COMMISSION

Pursuant to Section 20c of the Interstate Commerce Act and as provided by Volume 29 Code of Federal Regulations Sections 1116.1 through 1116.4, we present the following documents, all dated as of April 15, 1977, for recordation:

- A) Interim Conditional Sale Agreement between General Electric Company and United States Trust Company, as Trustee, and

RECORDATION NO. 8804 Filed & Recorded

MAY 2 1977-10 40 AM

INTERSTATE COMMERCE COMMISSION

Interim Agreement and Assignment between General Electric Company and J. P. Morgan Interfunding Corp.;

- B) Interim Conditional Sale Agreement between General Motors Corporation and United States Trust Company, as Trustee, and

RECORDATION NO. 8804 D Filed & Recorded

MAY 2 1977-10 40 AM

INTERSTATE COMMERCE COMMISSION

Interim Agreement and Assignment between General Motors Corporation and J. P. Morgan Interfunding Corp.;

Interim Lease of Railroad Equipment between Consolidated Rail Corporation and United States Trust Company, as Trustee, and

RECORDATION NO. 8804 E Filed & Recorded

MAY 2 1977-10 40 AM

INTERSTATE COMMERCE COMMISSION

Interim Assignment of Lease and Agreement between United States Trust Company, as Trustee, and J. P. Morgan Interfunding Corp.

The names and addresses of the parties to the documents are:

With respect to the documents described under A):

Vendor and Assignor

General Electric Company
2901 East Lake Road
Erie, Pennsylvania 16531

[Handwritten signatures and initials on the right margin]

Three of our checks, in the amount of \$50.00 each, are enclosed to cover the recordation fees.

These documents have not been previously recorded with the Interstate Commerce Commission.

After retaining two counterpart originals of the documents please return the remaining copies, stamped with your recordation number, to Consolidated Rail Corporation, Room 1138, Six Penn Center Plaza, Philadelphia, Pennsylvania 19104, in the custody of the individual presenting them for recordation.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'B. D. Wellmon', followed by a long horizontal flourish.

B. D. Wellmon
Assistant Treasurer

Purchaser United States Trust Company of
New York, as Trustee
45 Wall Street
New York, New York 10005

Assignee J. P. Morgan Interfunding Corp.
37 Wall Street
New York, New York 10005

With respect to the documents described under B):

Vendor and Assignee General Motors Corporation
(Electro-Motive Division)
LaGrange, Illinois

Purchaser and Assignee As above.

With respect to the documents described under C):

Lessor United States Trust Company of
New York, as Trustee
45 Wall Street
New York, New York 10005

Lessee Consolidated Rail Corporation
1310 Six Penn Center Plaza
Philadelphia, Pa. 19104

Guarantor General Motors Corporation and
General Electric Corporation

The equipment covered by the documents is:

| <u>Type</u> | <u>AAR Mechanical Designation</u> | <u>No. of Units</u> | <u>Marked*</u> | <u>Numbers (Inclusive)</u> |
|--|---|-------------------------|----------------|--------------------------------|
| 3000 HP Model U23-B diesel- electric locomotive | CC | 10 | Conrail | 2789-2798 |
| 3000 HP Model GP40-2 diesel- electric locomotive | CC | 33 | Conrail | 3280-3312 |
| 2000 HP Model GP38-2 diesel- electric locomotive | BB | 10 | Conrail | 8163-8172 |

*Each unit will have marked thereon the following legend:

"Ownership subject to a Security Agreement filed under
the Interstate Commerce Act, Section 20c".

8804-1B
RECORDATION NO. Filed & Recorded

MAY 2 1977 - 10 40 AM

INTERIM ~~INLERSIAE~~ COMMERCE COMMISSION
CONDITIONAL SALE AGREEMENT

Dated as of April 15, 1977

between

GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)

and

UNITED STATES TRUST COMPANY OF NEW YORK,
as Trustee

8.75% Conditional Sale Indebtedness Due June 15, 1992

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INTERIM CONDITIONAL SALE AGREEMENT dated as of April 15, 1977, between the corporation named in Item 1 of Annex A hereto (the "Builder" or the "Vendor", as the context may require, all as more particularly set forth in Article 1 hereof) and UNITED STATES TRUST COMPANY OF NEW YORK, a New York trust company (the "Vendee"), acting as Trustee under a Trust Agreement (A) dated as of the date hereof with J. P. Morgan Interfunding Corp., a Delaware corporation (the "Beneficiary", the "Assignee" or the "Vendor", as the context may require, all as more particularly set forth in Article 1 hereof).

WHEREAS, the Builder agrees to construct, conditionally sell and deliver to the Vendee, and the Vendee agrees to purchase, subject to the limitations hereinafter set forth, the railroad equipment described in Annex B hereto (the "Equipment");

WHEREAS, the Vendee is entering into an Interim Lease of Railroad Equipment (the "Lease") dated as of the date hereof with Consolidated Rail Corporation, a Pennsylvania corporation (the "Lessee") in substantially the form annexed hereto as Annex C pursuant to which the Lessee will lease from the Vendee all the units of Equipment so purchased, or such lesser number of units as are delivered and accepted hereunder, as well as certain other units of equipment to be conditionally purchased from General Electric Company;

WHEREAS, ^{*certain*} ~~all~~ obligations of the Lessee to the Builder and of the Builder to the Lessee under the Purchase

Agreement referred to in Item 6 of Annex A hereto shall be superseded by this Agreement as more fully set forth in an Agreement Respecting Certain Purchase Order Obligations among the Lessee, the Builder and the Vendee; and

WHEREAS, the Builder will guarantee to the Vendee and the Assignee certain obligations under this Agreement and the Lease pursuant to a Guaranty Agreement (the "Guaranty");

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth the parties hereto agree as follows:

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Vendee will furnish that portion of the Purchase Price (as hereinafter defined) for the Equipment as is required under subparagraph (a) of the third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price shall be paid to the Builder by the Assignee pursuant to an Interim Agreement and Assignment (the "Assignment") dated as of the date hereof between the Builder and the Assignee, substantially in the form of Annex D hereto. In consideration of such payment by the Assignee, the Builder will assign to the Assignee pursuant to the Assignment certain of its rights hereunder.

The parties hereto also contemplate that the Vendee will assign to the Assignee, as security for the payment and performance of all the Vendee's obligations hereunder, all right, title and interest of the Vendee in and to the Lease, pursuant to an Assignment of Lease and Agreement (the "Lease Assignment") substantially in the form of Annex E hereto.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, it is understood that the Builder and the Vendee, with the consent of the Assignee, may amend and restate this Agreement in connection with the sale of certain additional items of railroad equipment to the Vendee by the Builder, and in connection therewith the Lease, the Assignment, the Lease Assignment and the Guaranty may also be amended and restated and the parties hereto and thereto may enter into certain additional agreements between or among themselves and with other persons. In that event, this Agreement shall be superseded and restated in its entirety by such amended and restated conditional sale agreement. As a condition to such amendment and restatement, the Vendee and the Assignee may require the execution and delivery of such agreements and instruments, in form and substance satisfactory to them,

as they may deem necessary in order to assure that funds sufficient to make all payments of the purchase price of such additional items of equipment in excess of 33% of such purchase price will be made available by investors through an agent trust established for such purpose. As a further condition to such amendment and restatement, the parties contemplate that the Assignee will assign to the agent trust for the benefit of the investors all of the Assignee's right, title and interest in and to such amended and restated conditional sale agreement in consideration of the payment by such agent trust, from monies provided by the investors, to the Assignee, contemporaneously with the execution of such amended and restated conditional sale agreement, of an amount equal to the Conditional Sale Indebtedness (as hereinafter defined) in respect of the Equipment purchased pursuant to this Agreement. The parties also contemplate that in such event the Vendee will assign to the agent trust pursuant to an amended and restated assignment of lease and agreement certain rights, title and interests of the Vendee under the amended and restated lease.

The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the corporation named in Item 1 of Annex A hereto and any successor or successors to its manufacturing properties and business, and, after any such assignment, both

any assignee or assignees of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the corporation named in Item 1 of Annex A hereto and any successor or successors for the time being to its manufacturing properties and business.

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, the Builder shall construct the units of Equipment described in Annex B hereto at its plant set forth in said Annex B, and will conditionally sell and deliver to the Vendee, and the Vendee will conditionally purchase from the Builder and accept delivery of and pay for (as hereinafter provided and subject to the limitations hereinafter set forth), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing between the Builder, the Vendee and the Lessee (such specifications and modifications, if any, are hereinafter called the "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all United

States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such unit, and each such unit will be new railroad equipment, will not incorporate any used components (or if such components are incorporated, their costs will not be more than 20% of the cost of material and parts used in constructing such unit) and will not have been used by any person so as to preclude the "original use" of such unit, within the meaning of Sections 48(b)(2) and 167(c)(2) of the Internal Revenue Code of 1954, as amended, from commencing with the Vendee.

ARTICLE 3. Inspection and Delivery. The Builder will deliver the units of the Equipment to the Vendee at the place or places specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made (i) until this Agreement, the Lease, the Lease Assignment and the Assignment have been filed pursuant to

Section 20c of the Interstate Commerce Act, (ii) subsequent to the commencement of any proceedings specified in clauses (c) or (d) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or to any event which, with the giving of notice or the lapse of time or both could constitute such an event of default, or (iii) if the amount which is the sum of the Purchase Price for such unit plus the aggregate Purchase Price of all units of Equipment theretofore accepted under and made subject to this Agreement would exceed the Maximum Purchase Price specified in Article 4 hereof.

The Builder's obligation as to the time of delivery set forth in Annex B is subject, however, to delays resulting from causes beyond the Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

The Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees of the Lessee) at all reasonable

times during construction. The Builder agrees to inspect the materials used in the construction of the Equipment in accordance with its standard quality control practices. Vendee shall have no obligation to accept delivery of or to pay for Equipment which Vendee or Vendee's agents, in their sole discretion upon inspection thereof prior to delivery, determine do not conform to the Specifications. Vendee's acceptance of Equipment and the passage of title thereto to the Assignee shall be evidenced by a certificate of acceptance (a "Certificate of Acceptance") substantially in the form attached hereto as Exhibit 1, which shall not be deemed to relieve the Builder of its warranties referred to in Article 13 hereof.

On delivery and acceptance of each unit of Equipment hereunder at the place specified for delivery, the Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Builder shall not thereby be relieved of its warranties set forth or referred to in Article 13 hereof.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto and are subject to such increase or decrease as is agreed to by the Builder, the Vendee and the Lessee (such price as set forth or so agreed to is herein referred

to as the "Purchase Price"). However, notwithstanding any other provision of this Agreement to the contrary, in no event shall this Agreement cover nor shall the term "Equipment" be deemed to include, nor the Vendee be required to accept delivery of and pay for, (i) any equipment the Purchase Price of which, when added to the Purchase Price of all other Equipment accepted under and made subject to this Agreement, would exceed the Maximum Purchase Price for the Equipment specified in Item 5 of Annex A hereto or (ii) any Equipment delivered after the Cut-Off Date (as hereinafter defined).

The Equipment shall be settled for in such number of groups of units (individually, a "Group"), of the Equipment delivered to and accepted by the Vendee as is provided in Item 2 of Annex A hereto. The term "Delivery Date" with respect to any Group shall mean such date (not earlier than April 25, 1977, and not later than June 15, 1977 (the "Cut-Off Date")) as shall be fixed by the Lessee and the Vendor by written notice delivered to the Vendee at least six business days prior to the Delivery Date designated therein.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment (but not to exceed in any event the Maximum Purchase Price) as

follows:

(a) on or prior to the seventh day following the Delivery Date with respect to each Group, an amount equal to 33% of the aggregate Purchase Price of such Group; and

(b) in 30 semiannual installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (the "Conditional Sale Indebtedness") shall be payable on each June 15 and December 15, commencing December 15, 1977, to and including June 15, 1992 (or if any such date is not a business day, on the next preceding business day) (each such date being hereinafter called a "Payment Date"). The unpaid balance of the Conditional Sale Indebtedness from time to time outstanding shall bear interest at the rate of 8.75% per annum. Interest shall be payable, to the extent accrued, on December 15, 1977 and on each Payment Date. The installments of principal of the Conditional Sale Indebtedness payable on each Payment Date shall be calculated so that the amount of such installments

of principal will completely amortize the Conditional Sale Indebtedness.

Interest under this Agreement shall be determined on the basis of a 360-day year and the actual number of days elapsed.

In the event that the Lessee exercises its right under the Lease to purchase all but not less than all the Equipment, the Vendee shall thereupon prepay the unpaid balance of the Conditional Sale Indebtedness together with interest accrued thereon to the date of repayment and shall thereafter have no further obligation to the Vendor with respect thereto. Except as herein provided and as provided in Article 7 hereof, the Vendee shall not have the privilege of prepaying any portion of the Conditional Sale Indebtedness prior to the date it becomes due.

Notwithstanding any other provision of this Agreement, the liability of the Vendee or any of its assigns for all payments to be made by it pursuant to this Agreement (except the obligations set forth in the proviso in the third paragraph of Article 12 hereof and the payments to be made pursuant to subparagraph (a) of the third paragraph

of this Article), shall not exceed an amount equal to, and shall be payable only out of, the income and proceeds from the Equipment (whether pursuant to the Lease or any sale, re-lease or other disposition of or determination with respect to the Equipment) actually and indefeasably received by the Vendee. Notwithstanding the foregoing, the Vendor retains the right to proceed against the Equipment for the full unpaid Purchase Price of the Equipment and accrued interest thereon and all other payments and obligations hereunder.

ARTICLE 5. Title to the Equipment. The Vendor shall retain title to the Equipment to secure, among other things, its right to receive the payment in full of the Conditional Sale Indebtedness until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have

been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with accrued interest thereon and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor, free of all title, liens, security interests and other encumbrances created or retained hereby, and Vendor shall (a) execute and deliver, for filing, recording or depositing in all necessary public offices, such instrument or instruments as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment and (b) pay to the Vendee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided.

ARTICLE 6. Taxes and Charges. All payments to be made by the Vendee hereunder will be net to the Vendor (except for gross receipts taxes [other than gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by net income, excess profits taxes and similar taxes). The Vendee will keep the Equipment free and clear of all impositions which might in any way affect the title or interests of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obliga-

tion to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the non-payment thereof does not, in the reasonable opinion of the Vendor, adversely affect the title or interests or property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. The Vendee shall indemnify the Vendor for any impositions which shall have been charged or levied against the Vendor directly and paid by the Vendor and for which payment Vendor was legally liable (as evidenced by an opinion of counsel of Vendor).

ARTICLE 7. Maintenance; Casualty Occurrences.

The Vendee shall keep each unit of the Equipment to be maintained and kept in good operating order, repair and condition.

In the event that any unit of the Equipment shall be the subject of a Casualty Occurrence (as that term is defined in the Lease), the Vendee shall promptly notify the Vendor thereof. On the next succeeding date for the payment of interest on the Conditional Sale Indebtedness (a "Casualty Payment Date"), but not earlier than June 15, 1978, the Vendee shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined) of such unit as of the date of such payment. Any money paid to the Vendor

pursuant to this paragraph shall be applied (after the payment of the interest and principal due on such Date) to prepay without penalty or premium the installments of the Conditional Sale Indebtedness (ratably in accordance with the unpaid balance of each such installment) and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit as provided above, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, and the Vendor, upon request, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

For purposes of this Agreement, the Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Purchase Price thereof remaining unpaid on the date as of which such Casualty Value shall be determined

(without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit), plus interest accrued thereon to such date. For the purpose of this paragraph, each payment of the Purchase Price in respect of Equipment made pursuant to Article 4 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of the Equipment.

If the Vendor shall receive any insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence, the Vendor shall, subject to the Vendor's having received payment of the Casualty Value hereunder, pay such insurance proceeds or condemnation payments to the Vendee. All insurance proceeds or condemnation payments received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon reasonable proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired.

ARTICLE 8. Reports and Inspections. Vendee shall provide Vendor with copies of all available reports, certi-

ificates and other materials relating to the Equipment and the maintenance and inspection thereof. The Vendor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 9. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with the identification number of the Lessee as set forth in Annex B hereto, and, on each side of each unit, lettered with the words "Ownership subject to a Conditional Sale Agreement filed under the Interstate Commerce Act, Section 20c" or such other appropriate words as may be necessary or appropriate in order to protect the Vendor's title and interests in the Equipment and its rights under this Agreement.

Vendee will not allow the name of any other person, association or corporation (other than the names or initials or other insignia customarily used by the Lessee or its affiliates) to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership.

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all respects with all applicable laws of the jurisdictions in which

its or such lessee's or user's operations involving the Equipment may extend; provided, however, that the Vendee or the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by the Builder to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor, it being understood and agreed that such consent shall not be withheld for changes in the provisions of the

Lease which are not intended or necessary to satisfy the obligations of the Vendee under the Conditional Sale Agreement.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the interest of the Vendor therein, equal or superior to the Vendor's title thereto or property therein, or the Vendee's interests in the Lease and the payments to be made thereunder equal or superior to the Vendor's title or interests therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the title or interests of the Vendor in or to the Equipment or otherwise under this Agreement. Vendee shall indemnify Vendor for any amounts paid by the Vendor in discharge of such liens, charges or security interests upon the Equipment.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 12 shall be subject to the limitations set forth in the last paragraph of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Vendee or its successors or assigns, not arising out of the transactions contemplated hereby (but including tax liens arising out of the receipt of the income and proceeds from the Equipment), equal or superior to the Vendor's security interest therein, which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's interest in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not,

in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Representations and Warranties.

The Builder represents and warrants to the Vendee that it is not entering into this Conditional Sale Agreement directly or indirectly in connection with any arrangement or understanding by it in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

The agreement of the parties relating to the Builder's warranty of material and workmanship and the agreement of the parties relating to patent indemnification are set forth in Items 3 and 4 of Annex A hereto. The agreement of the parties relating to the limitations of liability of the Builder is set forth in the Purchase Agreement referred to in Item 6 of Annex A hereto.

ARTICLE 14. Assignments. The Vendee will not, except as provided in Article 11 hereof and except as required by mandatory provisions of law, transfer the right to possession of any unit of the Equipment.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to

receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to construct and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities referred to in Article 13 hereof, or relieve the Vendee of its obligations to the Builder contained in Articles 2, 4 and 6 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) and such default shall continue for ten business days after the date such payment is due and payable; or

(b) the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the Lessee shall, for more than 30 days after the Vendor shall have demanded in writing to the Vendee performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended or any successor statute, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under the Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(d) any other proceeding shall be commenced by or against the Vendee or the Lessee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder or of the Lessee under the Lease under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee under this Agreement or of the Lessee under the Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or the Lessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(e) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Vendee shall, for more than 30 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; or

(f) an Event of Default shall have occurred under the Lease; provided, however, that such Event of Default under the Lease by reason of the failure of the Lessee to make any payments due thereunder shall not be deemed to be an event of default hereunder if the Vendee continues during the period of such default to make all payments required to be made hereunder; provided, further, however, that, notwithstanding the foregoing, in the event of a Preclusion (as defined in the Guaranty) or of two consecutive defaults by the Lessee in the payment

of amounts it is required to pay under the Lease, an event of default hereunder shall be deemed to have occurred;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) subject to the Lessee's rights of possession, use and assignment under §§ 4 and 12 of the Lease, cause the Lease immediately upon such notice to terminate, but without affecting the indemnities which by the provisions of the Lease survive its termination and/or (ii) declare (a "Declaration of Default") the entire unpaid Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall continue to bear interest from the date of such Declaration of Default at the rate then in effect with respect to the Conditional Sale Indebtedness. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness so payable, with interest as aforesaid, subject to the provisions of Articles 4 and 21 hereof, and to collect such judgment out of the income and proceeds of the Equipment wherever situated.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the foregoing, no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. Subject to the Lessee's rights of possession, use and assignment under §§ 4 and 12 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice and other action, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor:

(i) take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession

and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee or the Lessee, subject to all mandatory requirements of due process of law;

(ii) after retaking possession of the Equipment as hereinbefore provided and upon written notice to the Vendee, the Lessee and any other person entitled by law to the receipt thereof, retain the Equipment in satisfaction of the entire Conditional Sale Indebtedness and make such disposition thereof as the Vendor shall deem fit, whereupon, if no objection is made thereto within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee or for its account may be retained by the Vendor as compensation for the use of the Equipment, provided, however, that if the Vendee, the Lessee or any other person notified under the terms of this paragraph objects in writing to the Vendor within the 30-day period referred to above, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law;

(iii) subject to the Lessee's rights of possession, use and assignment under §§ 4 and 12 of the Lease, with or without retaking possession of the Equipment as hereinbefore provided, and upon 10 days prior notice to the Vendee and the Lessee, sell the Equipment, or one or more of the units thereof, to any person, including the Vendee, the Vendor and the Lessee, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity, at public or

private sale and with or without advertisement and at such time or times and at such place or places, and generally in any commercially reasonable manner, all as the Vendor may determine, the proceeds of any sale, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of such Equipment, to be credited on the amount due to the Vendor under the provisions of this Agreement; provided, however, that if such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where fewer than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee (provided there is no Event of Default under the Lease) and the Vendee to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price.

Notwithstanding the foregoing, in the event the Vendor proceeds pursuant to (A) clause (ii) above, then within the 30-day period referred to therein, or (B) clause (iii) above, then prior to the sale or the entry into by the Vendor of a contract of sale pursuant thereto, the Vendee may tender full payment of the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses, if any, of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, sale and the Vendor's reasonable attorneys' fees, and upon receipt of such payment and any such expenses and fees by the Vendor,

absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk subject to Article 21 hereof:

(a) forthwith and in the usual manner cause the Equipment to be placed upon such storage tracks of the Lessee as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks for a period not in excess of 180 days at the risk of the Vendee without charge for insurance, rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Vendor.

In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this

Agreement, the Vendee shall, subject to Article 21 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate specified in Article 4, and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of Article 21 hereof and of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid first to the Vendee, and second to the Guarantor, as their interests shall appear.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement.

ARTICLE 17. Applicable State Laws. The provisions of this Agreement are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it

being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of

carrying out the intention of this Agreement; and the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

This Agreement, including the Annexes hereto, which are expressly made a part hereof, exclusively and completely states the rights of the Vendor and the Vendee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first class mail, postage prepaid, at the following addresses:

(a) to the Vendee, at 45 Wall Street, New York, New York 10015, Attention of J. Sinclair Armstrong,

(b) to the Lessee, at 1310 Six Penn Center Plaza, Philadelphia, Pennsylvania 19104, Attention of Assistant Treasurer-Cash Mobilization,

(c) to the Builder, at its address specified in Item 1 of Annex A hereto,

(d) to the Assignee, at 37 Wall Street, New York, New York 10005,

(e) to any other assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, and to the Lessee, by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Immunities; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being

forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second paragraph of Article 16 and under Articles 3, 6, 7 (other than the second and third sentences of the second paragraph thereof), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof) and 18 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Vendee are each and every one of them made and intended not as personal representations, undertakings and agreements by United States Trust Company of New York or for the purpose or with the intention of binding the said bank personally but are made and intended for the purpose of binding only the Estate (as such term is used in the Trust Agreement)

under the Trust Agreement (A), and this Agreement is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under such Trust Agreement; and that no personal liability or personal responsibility is assumed by said bank or the Beneficiary (except as provided in such Trust Agreement) or on account of any representation, undertaking or agreement of the Vendee or the Beneficiary, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Builder and the Vendor and by all persons claiming by, through or under either or both of them; provided, however, that the Builder and the Vendor or any person claiming by, through or under either or both of them, making claim hereunder, may look to said Estate for satisfaction of the same.

ARTICLE 22. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by (i) Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or

deposited, and (ii) Section 77(j) of the Federal Bankruptcy Act (as the same is presently in force or as the substance thereof may hereafter be re-enacted).

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)

By 
Executive Vice President

UNITED STATES TRUST COMPANY OF
NEW YORK, as Trustee

By 
Vice ~~Chairman~~
CHAIRMAN

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 2nd day of May, 1977, before me personally appeared Roger B. Smith, to me personally known, who, being by me duly sworn, says that he is Executive Vice President of GENERAL MOTORS CORPORATION (Electro-Motive Division), that said instrument was signed on behalf of said corporation by due corporate authority and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

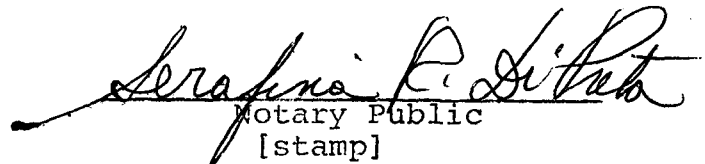


Notary Public
[stamp]

DONALD F. FLYNN
Notary Public, State of New York
No. 31-6341250
Qualified in New York County
Commission Expires March 30, 1978

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) ss.:

On this 1st day of May, 1977, before me personally appeared EDWIN A. HEARD, to me personally known, who, being by me duly sworn, says that he is Vice CHAIRMAN of UNITED STATES TRUST COMPANY OF NEW YORK, that said instrument was signed on behalf of said trust company by due corporate authority and he acknowledged that the execution of the foregoing instrument was the free act and deed of said trust company.


Notary Public
[stamp]

SERAFINA R. DI PRETA
Notary Public, State of New York
No. 41-0967225 Queens County
Cert. filed in New York County
Term Expires March 30, 1979

Annex A

to

Conditional Sale Agreement

- Item 1: General Motors Corporation (Electro-Motive Division), La Grange, Illinois 60525.
- Item 2. The Equipment shall be settled for in not more than six Groups of units delivered to and accepted by the Vendee unless a greater number shall be agreed to by the parties hereto.
- Item 3: The Builder warrants that the Equipment manufactured by it hereunder is of the kind and quality described in, or will be built in accordance with, the Specifications referred to in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (hereinafter in this Annex A called this Agreement) and is suitable for the ordinary purposes for which such Equipment is used and warrants each unit of Equipment to be free from defects in material and workmanship which may develop under normal use and service within two years from date of delivery of such unit or before such unit has been operated 250,000 miles, whichever event shall first occur. The Builder agrees to correct such defects, which examination shall disclose to the Builder's satisfaction to be defective, by repair or replacement F.O.B. factory and such correction shall constitute fulfillment of the Builder's obligation with respect to such defect under this warranty. The Builder warrants specialties not of its own specification or design to the same extent that the suppliers of such specifications warrant such items to the Builder.

The Builder further agrees with the Vendee that neither the inspection as provided in Article 3 of this Agreement, nor any examination, nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or modification by the Vendee of any of its rights under this Item 3.

THERE ARE NO WARRANTIES WITH RESPECT TO MATERIAL AND WORKMANSHIP, EXPRESSED OR IMPLIED, MADE BY THE BUILDER EXCEPT THE WARRANTIES SET OUT ABOVE.

- Item 4: The Builder shall defend any suit or proceeding brought against the Vendee, the Lessee and/or each assignee of the Builder's rights under this Agreement so far as the same is based on a claim that the Equipment of the Builder's specification, or any part thereof, furnished under this Agreement constitutes an infringement of any patent, if notified promptly in writing and given authority, information and assistance (at the Builder's expense) for the defense of same, and the Builder shall pay all damages and costs awarded therein against the Vendee, the Lessee and/or any such assignee.

In case any unit of such Equipment, or any part thereof, is in such suit held to constitute infringement and the use of such unit or part is enjoined, the Builder shall at its option and at its own expense either procure for the Vendee, the Lessee and any such assignee the right to continue using such unit or part, or replace the same with noninfringing equipment subject to this Agreement, or modify it so it becomes noninfringing, or remove such unit and refund the Purchase Price and the transportation and installation costs thereof. If the Purchase Price is so refunded, such refund shall be made to the assignee of the Builder's rights under this Agreement if this Agreement has been so assigned, which refund, to the extent of the unpaid Conditional Sale Indebtedness, shall be applied in like manner as payments in respect of Casualty Occurrences under Article 7 of this Agreement and, as long as no event of default or event which with the lapse of time and/or demand could constitute an event of default under this Agreement shall have occurred and be continuing, the balance shall be paid by such assignee to the Vendee.

The Builder will assume no liability for patent infringement by reason of purchase, manufacture, sale or use of devices not included in and covered by its specification.

The foregoing states the entire liability of the Builder for patent infringement by the Equipment or any part thereof.

- Item 5: The Maximum Purchase Price of the Equipment referred to in Article 4 of the Agreement is \$21,300,000.
- Item 6: The Purchase Agreement referred to in the recitals to the Agreement is the Purchase Agreement dated February 28, 1977 between the Lessee and the Builder.

Annex B
to
Conditional Sale Agreement

| Type | Builder's Specifi- cations | Builder's Plant | Quan- tity | Lessee's Identification Numbers (Both Inclusive) | Unit Base Price | Total Base Price | Estimated Time and Place of Delivery |
|--|---|------------------------|---------------|---|--------------------|---------------------|---|
| 3000 HP Model GP40-2 diesel- electric locomotive | General Motors Corpora- tion (Electro- Motive Division) | La Grange, Illinois | 33 | 3280-3312 | \$491,990 | \$16,235,670 | May and June 1977 at La Grange Illinois |
| 2000 HP Model GP38-2 diesel- electric locomotive | General Motors Corporation (Electro- Motive Division) | La Grange, Illinois | 10 | 8163-8172 | \$461,570 | \$ 4,615,700 | June 1977 at La Grange Illinois |
| Total | | | | | | <u>\$20,851,370</u> | |

CERTIFICATE OF ACCEPTANCE

The undersigned, the duly authorized representative of Consolidated Rail Corporation, (the "Lessee"), hereby certifies with respect to the Diesel-Electric Locomotives, manufactured by General Motors Corporation (Electro-Motive Division), (the "Manufacturer"), bearing the identifying reporting marks and numbered as follows:

pursuant to the Interim Conditional Sale Agreement, dated as of April 15, 1977, between the Manufacturer and United States Trust Company of New York (the "Vendee-Lessor") (the "Conditional Sale Agreement") and the Interim Lease of Railroad Equipment, dated as of April 15, 1977, between the Vendee-Lessor and the Lessee (the "Lease"):

1. that said locomotives have been inspected and accepted on behalf of the Vendee-Lessor under the Conditional Sale Agreement and on behalf of the Lessee under the Lease at LaGrange, Illinois.

2. that there was plainly, distinctly, and conspicuously placed upon each side of each such locomotive at the time of its delivery and acceptance a legend bearing the following words in letters not less than one inch in height:

"OWNERSHIP SUBJECT TO A CONDITIONAL
SALE AGREEMENT FILED UNDER THE
INTERSTATE COMMERCE ACT, SECTION 20c"

and that each such locomotive was otherwise marked in conformity with the requirements of § 5 of the Lease. Delivery of this Certificate to the Manufacturer by the Lessee on behalf of the Vendee-Lessor shall evidence the passage to J. P. Morgan Interfunding Corp. (the "Assignee") as assignee of the

Manufacturer under an Interim Agreement and Assignment between the Assignee and the Manufacturer dated as of April 15, 1977, of title to the Diesel-Electric Locomotives referred to above and of the risk of loss with respect thereto.

Dated , 1977

Duly Authorized Representative of
Consolidated Rail Corporation

Accepted on behalf of
General Motors Corporation
(Electro-Motive Division)

By _____
Title:

on , 1977